POWER GREENHOUSES INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2001

MATCHETT, POTTS & SEIPP

CHARTERED ACCOUNTANTS
MATCHETT, POTTS & SEIPP
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AUDITORS' REPORT

To the Shareholder
Power Greenhouses Inc.

We have audited the balance sheet of Power Greenhouses Inc. as at December 31, 2001 and the statements of operations and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Matchett, Potts & Seipp
CHARTERED ACCOUNTANTS

Estevan, Saskatchewan.
January 16, 2002.

POWER GREENHOUSES INC.

BALANCE SHEET AS AT DECEMBER 31, 2001

	2001	2000
ASSETS		
Current assets		
Cash	$ 11,181	$ 3,435
Inventories	23,589	25,197
	34,770	28,632
Capital assets (Note 3)	3,824,991	3,816,745
	$ 3,859,761	$ 3,845,377
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 52,621	$ 58,953
Payable to shareholder (Note 4)	3,807,130	3,786,414
	3,859,751	3,845,367
Shareholders' equity		
Share capital (Note 5)	10	10
Retained earnings	-	-
	10	10
	$ 3,859,761	$ 3,845,377

APPROVED ON BEHALF OF THE BOARD:

_____ DIRECTOR

_____ DIRECTOR

The accompanying notes form an integral part of this financial statement.

POWER GREENHOUSES INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2001

	2001	2000
Contract revenue earned	$ 661,168	$ 518,299
Expenses		
Advertising	50,236	28,276
Amortization	134,216	112,757
Board indemnity	6,944	4,956
Contract labour	48,153	38,042
Materials and supplies	40,710	33,121
Miscellaneous	2,344	4,498
Office expenses	2,053	3,888
Professional fees	4,698	3,588
Shipping	5,582	3,027
Telephone	5,943	3,747
Travel and training	20,644	9,897
Vehicle and equipment costs	28,201	8,742
Wages and employee benefits	311,444	263,760
	661,168	518,299
Net earnings	-	-
Retained earnings, beginning of the year	-	-
RETAINED EARNINGS, END OF THE YEAR	$ -	$ -

The accompanying notes form an integral part of this financial statement.

MATCHETT, POTTS & SEIPP

POWER GREENHOUSES INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2001

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ -	$ -
Adjustment for:		
Amortization	134,216	112,757
Change in non-cash working capital		
(Increase) decrease in inventories	1,608	(5,756)
Increase (decrease) in accounts payable	(6,331)	11,914
Cash flows from operating activities	129,493	118,915
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(142,462)	(595,677)
Cash flows from investing activities	(142,462)	(595,677)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in payable to shareholder	20,715	469,056
Cash flows from financing activities	20,715	469,056
Net increase (decrease) in cash and cash equivalents	7,746	(7,706)
Cash and cash equivalents at beginning of the year	3,435	11,141
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 7)	$ 11,181	$ 3,435

The accompanying notes form an integral part of this financial statement.

MATCHETT, POTTS & SEIPP

POWER GREENHOUSES INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. STATUS OF THE CORPORATION

Power Greenhouses Inc. is a corporation incorporated under the Business Corporation Act of Saskatchewan. The company is a wholly owned subsidiary of Saskatchewan Power Corporation.

The mandate of the company is to operate a greenhouse to provide tree seedlings for the purpose of afforestation. The company entered into an agreement with Saskatchewan Power Corporation whereby it operates the greenhouse and in turn Saskatchewan Power Corporation funds the company for costs incurred.

2. SIGNIFICANT ACCOUNTING POLICIES

The company's accounting policies are in accordance with generally accepted accounting principles. The following summary of accounting policies describes the accounting methods and practices considered to be significant to the company's financial statements:

a) Income taxes

The company makes no provisions for income taxes as taxes are not levied on earnings of crown corporations.

b) Inventory

Inventory is carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

c) Capital assets

Capital assets are stated at cost. Amortization is provided on a straight line basis, at rates calculated to amortize the cost of the capital assets to their estimated salvage value, as set out below:

	Average Rate
Buildings	2.5%
Vehicles and equipment	14%
Office furniture	12%
Tools	14%
Computers	15.8%

d) Contract revenue earned

Contract revenue earned is based on total expenses incurred during the year.

POWER GREENHOUSES INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

3. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 4,605,810	$ 916,434	$ 3,689,376	$ 3,708,614
Equipment & furniture	262,957	127,342	135,615	108,131
	$ 4,868,767	$ 1,043,776	$ 3,824,991	$ 3,816,745

4. PAYABLE TO SHAREHOLDER

	2001	2000
Total advances	$ 8,444,598	$ 7,762,714
Less: total expenses incurred	4,637,468	3,976,300
	$ 3,807,130	$ 3,786,414

Payable to shareholders is not secured, non-interest bearing with no fixed terms of repayment.

5. SHARE CAPITAL

	2001	2000
Authorized		
an unlimited number of the following classes of shares without par value		
Issued and fully paid		
10 Class A	$ 10	$ 10

6. RELATED PARTY TRANSACTIONS

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled Departments, Agencies, and Corporations with which the company was related. Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms.

The company entered into an agreement with Saskatchewan Power Corporation, its parent, whereby it operates the greenhouse and in turn Saskatchewan Power Corporation funds the company for costs incurred, which is reflected as contract revenue earned.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	2001	2000
Cash	$ 11,181	$ 3,435